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**“With growing global interconnectedness, multilateralism is the only way forward”**

**Panel: Europe’s crossroads: Beyond the pandemic**

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Even optimists recognize that pandemic is not gone. The virus is resurging here and there powerfully.

We are smarter now than at the beginning of 2020. We are better prepared to face new variants. We learnt lessons and truly used the pandemic-induced crisis to move forward with many adjustments or reforms.

The environment in which we live and function is full of uncertainties and we are coping globally. The G20 is busy on the international taxation proposal. The Glasgow climate summit is taking place without important players at the table that are missing the opportunity to demonstrate their commitment to sustainability at the global level. The WTO is preparing for its twelfth Ministerial Conference.

Facing substantial inflation spikes, we continue to ask whether the current inflation will be temporary or not. The world’s growing interconnectedness will have a huge impact on our lives.

The EU's reaction to the COVID-induced crisis provided evidence of our capacity to mobilize resources and establish economic and health policies ensuring our survival and launching policies for a sustainable recovery. Long-living taboos were suspended or adjusted: the escape clause of the Stability and Growth Pact was activated, flexibilities in using budgetary funds were fully exploited, and EU bonds are being issued.

At EU level we moved quickly from emergency to recovery policy measures. National policies and resources, though following the same direction, demonstrated an asymmetry reflecting the differentiated impact of the crisis. Reforms depending on consensus among member states proved to be most challenging and a number of them remain an unfinished business. This is particularly visible in the EMU architecture with the reform of the fiscal governance, an unfinished Banking Union,

the relatively slow progress on CMU, and painful progress related to the green transition.

However, the EU successfully established new elements of economic governance, such as the Recovery and Resilience Facility allowing for the implementation of reforms and financing investment in line with European objectives. Here, though, the challenge remains an effective and efficient implementation of the entire undertaking. Combining domestic Recovery and Resilience Plans with the mechanism of European Semester gives us a good platform for economic governance. It will hopefully lead to a major enhancement the coordination of economic policies that are open to meaningful differentiation and linked to macroeconomic and structural specificities and capabilities.

The important element of the reflection and action in this crossroad moment for Europe is related to our interconnectedness with the world. Indeed, we have adjusted our trade policy agenda to better use the potential of trade as a key driver for recovery and long-term sustainable growth.

The EU has a small part of global population and in the years to come 85% of global growth will be generated outside Europe. It is fully rational then to connect our businesses and consumers to these external sources of growth as 35 million European jobs depend on exports.

We decided to remain open, pursue a rules-based cooperation globally, and fully exploit our network of trade agreements, whether they are in force or being negotiated. What matters as well is that the EU is also main investor and recipient of investment globally.

The pandemic has strengthened the case for international cooperation. Today, geopolitics is playing increasingly within economic- and trade-related fields. Indeed, our geopolitical position in this unstable world is deeply rooted in our economy, trade partnerships, and international investments.

Trade is the area of European integration where Member States willingly pulled their sovereignty recognizing that our collective power is far greater than the sum of our national policies. Trade as a European competence gives us bigger agency globally.

Trade also lies at the intersection of many pressing challenges affecting our everyday life as citizens, such as climate and digital progress, skills and jobs, health and vaccines.

We found a common understanding across the EU that trade can be harnessed as an accelerator for positive change.

Through our FTAs – which we have with 78 states and territories – we also can convince other parties to fair and sustainable trade, based on respect of human

rights. Trade to be a win-win development factor for all those involved and it must be based on shared rules. Power-based trade hurts all, especially the weak ones.

Pandemic has proven that there is no other option but to defend the multilateral trading system with deeply reformed World Trade Organization at its core. Without the WTO, the world would become even more worrisome.

On this, we have to work with like-minded partners. Rebuilding transatlantic trust and cooperation has been an urgent priority since the beginning of the year.

But we also have to talk with citizens on why trade is so important for all of us, for future jobs and for a better quality of life.

We have to ensure that the FTAs we negotiated are ratified by national parliaments and governments. When CETA and other FTAs are not ratified, we lose credibility as an international partner.

The EU is part of the global technological race. In the end, it will determine whether innovation will follow democratic values and ethics or those propagated by authoritarian regimes.

The rapid growth of China creates an urgent need for like-minded democracies across the globe to challenge effectively its state-capitalist model, which destroys the fairness of our global system. China is developing a number of new instruments for economic coercion, such as punitive tariffs, export controls, or trade curbs.

The end of four years of largely dysfunctional transatlantic relations, the EU and the US successfully joined efforts to eliminate many irritants in our relations. The establishment of an unprecedented platform for cooperation in the format of Trade and Technology Council is good news and creates opportunities to work together globally. Bridging existing differences, solving trade irritants, building joint strategic agendas, and countering Chinese influence in high tech sector and standard setting should keep us busy in the years to come. It will require us to also reach out to other democracies.

In its new trade strategy, the EU has reacted to the expectations of European businesses to strengthen our trade defense toolbox, to become more assertive in defending our interests and more effective in the enforcement of our agreed deals while keeping far from protectionist temptations. This package includes proposed legislation on investment screening, monitoring foreign investment subsidies, creating an anti-coercion instrument, due diligence rules, establishing a carbon border adjustment mechanism, and finalizing the international procurement instrument. The objective is to ensure a level playing field within the single market and globally.

What keeps both policy makers and industries busy is also the need to look hard at distortions in supply chains and cooperating with the US on semiconductors challenge. There is a chance that our renewed transatlantic regulatory alignment could unleash numerous investment opportunities for our companies.

The pandemic, the climate emergency, vaccines, or trade-related issues are a perfect illustration of the need for multilateral solutions and coordinated global action. A truly inclusive, networked multilateralism is the only way forward.